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SUBJECT: MANAGEMENT CHANGES MAY SIGNAL NEW OPPORTUNITIES
FOR NAJAF,S AIRPORT

Classified By: OPA Director Greta Holtz for reasons 1.4 (b) and (d)

¶1. (U) This is a Provincial Reconstruction Team (PRT) Najaf reporting cable.

¶2. (C) SUMMARY: In a meeting on January 11, PRT Najaf Team Leader, PRT Transportation Advisor, and Najaf International Airport (NIA) Director Issa al-Shemeri reviewed the status of negotiations over management of the airport. Shemeri confirmed reports that Al-Aqeeq Aviation, the former airport management company, no longer had a role in airport management, and that Sabre International, the airport,s security provider had contracted directly with the province. In a subsequent meeting on January 16, Shemeri informed PRTOFFS that the hotline between Balad CERAP (Central En Route Radar Approach) and the Najaf International Airport had been tested and was now operational. This was the final technical hurdle for twenty-four hour/special visual flight rules (SVFR) operations. END SUMMARY.

Airport Management

BACKGROUND: PROBLEMS WITH NIA,S MANAGEMENT

¶3. (C) Al-Aqeeq Aviation (AA), a subsidiary of Kuwaiti-based Al-Aqeelah Investments, entered into a contract with the former Najaf provincial government in June 2008. At that time, AA agreed to join with the provincial government as an investment partner in Najaf International Airport (NIA), and provide overall airport management for NIA. The newly elected provincial administration recently conducted a series of reviews of AA,s performance in which it found AA failed to meet its contractual obligations. The most serious area of default was the failure of AA to pay Sabre International, the aviation security provider, for several months. AA had also committed to invest in airport development, but was found to have actually invested less than ten percent of what it had committed to provide.

RESOLUTION OF MANAGEMENT DIFFICULTIES

¶4. (C) During the January 11 meeting, the airport director, Issa al-Shemeri, informed PRTOFFS that AA no longer had a role in management of the airport. Shemeri said he had resigned from AA and had signed an employment contract with the Najaf provincial government. The rest of the airport staff had also resigned from AA and had been immediately re-employed by the Governorate. Although there were still legal issues remaining between the Najaf Governorate and Al-Aqeeq Aviation, he said AA was completely divorced from any airport management role. He added that the provincial government was committed to ensuring that NIA operations continued without interruption, and to funding programmed upgrades and expansion plans.

¶5. (C) Shemeri also informed PRTOFFS that the aviation security provider, Sabre International, had signed a bridge

contract with the Najaf provincial government to continue as the airport's security provider through January 31. This bridge contract gives Sabre and the government time to negotiate a long-term contract, which is expected to be signed no later than February 1.

¶6. (C) The Najaf provincial government has, with these actions, resolved the management uncertainties that were of concern and demonstrated its commitment to providing Najaf International Airport with the financial and management resources necessary for NIA to continue its development as gateway to the &Holy City of Najaf8 and the only international airport currently serving the mid-Euphrates region of Iraq.

EQUIPMENT NEEDS FOR SURGE IN TRAFFIC

¶7. (SBU) Several airline companies have notified NIA that they may be scheduling additional flights into Najaf during the Arba'een period. Shemeri indicated that he had received requests for as many as 400 additional flights into NIA over the next four to five weeks. Currently, there have been seven to eight flights daily into NIA, which equates to 210-240 flights over a thirty-day period. If even half of the additional flights come to pass, traffic will double over the Arba'een surge period.

¶8. (C) An issue of concern for Mr. Shemeri in light of this traffic surge is a shortage of aircraft boarding stairs and passenger buses. This equipment is being ordered, but will not arrive in Najaf for several weeks. Three additional passenger buses and three sets of air stairs are needed

immediately. Mr. Shemeri has located unused air stairs and buses at airports within Iraq, and is attempting to obtain the loan of three sets of each to bridge the gap until the new equipment arrives. He has requested that the Embassy add its support to his request to the Iraq Civil Aviation Authority (ICAA) for approval of this equipment loan.

HOTLINE NOW OPERATIONAL

¶9. (U) On January 16, Airport Director Shemeri informed PRTOFF that the hotline between Balad CERAP and NIA had been successfully tested and was operational. The hotline also provides direct communication to Erbil and Sulamaniyah airports. With this in place, the final technical obstacle to approval of 24-hour operations and SVFR operations has been removed.

COMMENT: AIRPORT NOW ON SOLID GROUND

¶10. (C) Najaf's airport is central to the province's vision of future growth and development, and the airport project is supported by all political parties. This airport serves a vital and growing market, and its success could provide substantial benefits to Najaf and central Iraq. With the removal of AA from airport management, and with Sabre contracted directly to the province, NIA is now on a more solid foundation for operation and continued development.

HILL